



**DEPARTMENT OF
FINANCE**

ARNOLD SCHWARZENEGGER, GOVERNOR

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July 7, 2005

Ms. Paula Higashi
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Dear Ms. Higashi:

As requested in your Revised Staff Analysis and Comment Period for Case No. 04-RL-9723-01 (97-TC-23, Standardized Testing and Reporting [STAR] Program), the Department of Finance respectfully submits the following comments.

Reimbursement Period

The revised analysis indicates that had the Legislature intended to apply its reconsideration decision retroactively, it would have included specific language indicating so in the bill, or indicated such intent in the legislative history or other sources. Accordingly, the Commission finds that the reimbursement period begins on July 1, 2004. As indicated in our comments on the draft staff analysis and at the Commission hearing on May 26, 2005, we believe that by never providing funding and adopting legislation requiring that the Commission's decision on the STAR test claim be reconsidered, the Legislature intended the Commission to revisit its original decision. While an explicit statement to that effect was not included in the reconsideration statutes, we continue to believe the Legislature intended that any changes to the Commission's findings for this mandate be applicable to *all* district claims, regardless of timing.

Funds provided to offset costs

The Commission's revised staff analysis also finds that all state-budgeted funds for STAR should be used to offset all activities associated with the CAT/6 portion of the STAR program, and that in fiscal year 2004-05, and any other fiscal year in which they are legally required to do so, school districts are required to reduce their estimated and actual mandate reimbursement claims by the amount of funding provided to them from state and federal Title VI funding appropriated in the annual budget act. While we generally concur with these findings, we would suggest these findings apply retroactively to all previously submitted claims. The apportionment amounts from 1997 through 2005 (provided in our comments submitted on June 9, 2005 at a minimum, must be considered as offsetting revenues. As previously indicated in our comments on the draft staff analysis, apportionments are unrestricted amounts provided to districts to cover their specific costs associated with this program.

Other Comments


We note that under the "Conclusion" section of the revised staff analysis that identifies the changes to the Commission's prior Statement of Decision; it is unclear why the first two activities regarding the designations of the STAR program district and test site coordinators were not struck out or amended to replace "STAR Program" with "CAT/6." As these activities are

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required by the No Child Left Behind Act to administer the STAR program, we disagree that they should remain state-reimbursable activities.

If you have any questions regarding this letter, please contact Pete Cervinka, Principal Program Budget Analyst at (916) 445-0328 or Jesse McGuinn, state mandates claims coordinator for the Department of Finance, at (916) 445-8913.

Sincerely,


Jeannie Oropeza
Program Budget Manager

Attachment

Attachment

DECLARATION OF PETE CERVINKA
DEPARTMENT OF FINANCE
CLAIM NO. 97-TC-23 (04-RL-9723-01)

1. I am currently employed by the State of California, Department of Finance (Finance), am familiar with the duties of Finance, and am authorized to make this declaration on behalf of Finance.
2. I concur that the sections relevant to this claim are accurately quoted in the test claim submitted by claimants and, therefore, we do not restate them in this declaration.

I certify under penalty of perjury that the facts set forth in the foregoing are true and correct of my own knowledge except as to the matters therein stated as information or belief and, as to those matters, I believe them to be true.

July 7, 2005

at Sacramento, CA



Pete Cervinka